

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Thomson Analyst: Kristina E. North Bill Number: AB 2514

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: August 18, 2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Rice Straw Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED June 26, 2000, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would modify the rice straw credit to permit related parties of the straw producer to claim the credit.

Under the Health and Safety Code, this bill also would create the Rice Straw Utilization Fund in the State Treasury for the purpose of developing demonstration projects for new rice technologies to potentially use significant volumes of rice straw. This bill would specify that grants would not be provided to taxpayers who have claimed a rice straw credit under the PITL. This provision is not discussed further in this analysis because it does not impact the department or state income tax revenue.

SUMMARY OF AMENDMENT

The August 18, 2000, amendment:

?? deleted a proposed credit for rice straw storage structures;

?? deleted this bill's previous changes to the rice straw tax credit which would have extended its sunset date indefinitely; increased the credit amount and the aggregate credit limit; and allowed the credit to be sold or otherwise transferred by the taxpayer to any other taxpayer; and

?? deleted a provision prohibiting a rice straw credit to be claimed by a taxpayer who is a related party, as defined by the Internal Revenue Code, of a person growing the rice straw in California.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Johnnie Lou Rosas

9/14/00

The August 18, 2000, amendment resolves the department's implementation concerns and all the policy concerns except the issue that related parties are typically prohibited from claiming credits for the purchase of property. Except for these changes and the new revenue estimate and a technical consideration, the department's analysis of the bill as amended June 26, 2000, still applies.

Technical Consideration

While this bill would specify that a grant would not be provided to taxpayers who have claimed a rice straw credit under the PITL, it does not apply to taxpayers claiming the credit under the B&CTL. Thus, B&CTL taxpayers could claim a rice straw credit and also be provided a grant.

Tax Revenue Estimate

This bill would not significantly impact state income tax revenue.

BOARD POSITION

Pending.